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NASA Procedural Requirements

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30, 2013**COMPLIANCE IS MANDATORY**[Printable Format \(PDF\)](#)

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 (NASA Only)**Subject: Financial Management Internal Control****Responsible Office: Office of the Chief Financial Officer**[| TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) | [AppendixA](#) |
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Chapter 2. Internal Control and Quality Assurance Reviews

2.1 Overview.

2.1.1 NASA conducts financial management internal control reviews to assess the design and operation of internal controls. As a result of the reviews, Corrective Action Plans (CAPs) are developed to identify the actions necessary to resolve the finding and are monitored to completion. The internal control review process supports the financial management internal control program in compliance with OMB Circular No. A-123, Management's Responsibility for Internal Control; Federal Managers' Financial Integrity Act of 1982; and the Government Accountability Office's (GAO's) Standards for Internal Control in the Federal Government.

2.1.2 Financial management internal control reviews provide benefits by: (1) identifying and eliminating excess controls that may have accumulated over the years, identifying and correcting control gaps or weaknesses to establish the optimum internal control system; (2) requiring management consideration of risks in relation to the cost of instituting or maintaining management controls and ensuring that operational risks that remain do so based on a considered decision rather than oversight; (3) providing managers with a reasonable degree of confidence that their financial management internal controls are being implemented and carried out as directed; (4) implementing a systematic approach toward ensuring that the financial management internal control program is executed according to legal, regulatory, and policy requirements; and (5) supporting the Agency Chief Financial Officer's (CFO's) annual Statement of Assurance for Internal Control over Financial Reporting.

2.1.3 NASA conducts quality assurance reviews in order to evaluate compliance with generally accepted accounting principles, other Federal requirements, and Agency policy. Special reviews of financial management operations and processes may be conducted as directed by OCFO management.

2.2 Agency Requirements.

2.2.1 NASA shall conduct internal control reviews to assure compliance with the requirements of the Federal Managers' Financial Integrity Act (FMFIA) and OMB Circular No. A-123.

2.2.2 NASA shall conduct quality assurance reviews of financial operations to ensure compliance with financial, legal, regulatory, policy, and control monitoring program requirements and to identify the root cause of process deficiencies, resolve those deficiencies, and promote sound financial management practices.

2.3 Internal Control Reviews.

2.3.1 Annually, the Director, QAD, in coordination with Agency CFO, Center CFOs, OICs, the IEMP Competency Center, and the NSSC, shall select the specific areas for which financial management internal control reviews will be conducted. Selection will be based on prior internal control evaluation information such as risk assessments or areas of concern identified by management or the Office of the Inspector General (OIG). Based on the selected review areas, a review plan will be developed at the beginning of each fiscal year, and the OIG will be notified of the

areas to be reviewed. The Director, QAD, shall then oversee the internal control review process throughout the year.

2.4 Quality Assurance Reviews.

2.4.1 Annually, the Director, QAD, in coordination with Agency DCFO, Center CFOs, OICs, the IEMP Competency Center, and the NSSC, shall establish the schedule for quality assurance reviews to be conducted during that year. The Director, QAD, shall then oversee the quality assurance review process throughout the year.

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